

# MNQUMA LOCAL MUNICIPALITY



## PROPERTY RATES POLICY AND BY LAW

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## **1. LEGISLATIVE CONTEXT**

- 1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004)a municipality in accordance with-
  - a. Section 2(1), may levy a rate on property in its area; and
  - b. Section 2(3), must exercise its power to levy a rate on property subject to-
    - i. Section 229 and any other applicable provisions of the Constitution;
    - ii. the provisions of the Property Rates Act and the regulations promulgated in terms thereof; and
    - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
- 1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof.

## **2. DEFINITIONS**

- 2.1 "Act" means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 2.2 "Agent", in relation to the owner of a property, means a person appointed by the owner of the property-
  - (a) to receive rental or other payments in respect of the property on behalf of the owner; or
  - (b) to make payments in respect of the property on behalf of the owner;

- 2.3    "**Agricultural purpose**" in relation to the use of a property, includes the use (of a property for the purpose of eco-tourism or for the trading in or hunting of game
- 2.4    "**Annually**" means once every financial year;
- 2.5    "**Category**"
- (a)    in relation to property, means a category of properties determined in terms of Section 7 of this policy; and
  - (b)    In relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy.
- 2.6    "Consolidated development" refers to properties with building which overlap on more than two Erven and on which a single account can be created
- 2.6    "**Child-headed household**" means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in the section 28(3) of the Constitution.
- 2.7    "**Definitions, words and expressions**" as used in the Act are applicable to this policy document wherever it is used;
- 2.8    "**Indigent**"means a person as determined by the adopted indigent policy of the municipality.
- 2.9    "**Land reform beneficiary**", in relation to a property, means a person who -
- (a)    acquired the property through -
    - (i)    the Provision of Land and Assistance Act, 1993(Act No. 126 of 1993); or
    - (ii)    the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);
  - (b)    holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);
  - (c)    holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No.108 of 1996) be enacted after this Act has taken effect;
- 2.10    "**Land tenure right**" means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);
- 2.11    "**Municipality**" means the Municipality of Mnquma;
- 2.12    '**Municipal property**' in relation to section 7.2 refers to a property registered in the name of the municipality, used/ leased by the municipal and where there are no deeds of sale between the municipality and a buyer.
- 2.12    "**Newly Rateable property**" means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –

- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
- (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;

2.13 "Owner"-

- (a) in relation to a property referred to in paragraph (a) of the definition of "property", means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of "property", means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled", provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:-
  - (i) a trustee, in the case of a property in a trust excluding state trust land;
  - (ii) an executor or administrator, in the case of a property in a deceased estate;
  - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in
  - (iv) a judicial manager, in the case of a property in the estate of a person under
  - (v) a curator, in the case of a property in the estate of a person under curatorship;
  - (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
  - (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
  - (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

2.14 "Privately owned towns serviced by the owner" means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub division or township establishment into (ten or more) full title stands and/ or sectional units and where all rates related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreational facilities are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

2.15 "Property" means -

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure.

- 2.16 "Public service infrastructure" means publicly controlled infrastructure of the following kinds:
- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
  - (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
  - (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
  - (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
  - (e) railway lines forming part of a national railway system;
  - (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
  - (g) runways or aprons at national or provincial airports;
  - (h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
  - (i) any other publicly controlled infrastructure as may be prescribed; or
  - (j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);
- 2.17 "Residential property" means improved property that:-
- (a) is used predominantly for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.
  - (b) Is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.
  - (c) Is owned by a share-block company and used solely for residential purposes.
  - (d) Retirement schemes and life right schemes used predominantly for residential purposes.
- And specifically exclude hostels, flats, old age homes, guest houses and vacant land irrespective of its zoning or intended use.
- 2.18 "Vacant sites" according to section 7.2 of this policy refer to unimproved, inhabitable property and public service infrastructure.

### **3. POLICY PRINCIPLES**

- 3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.
- 3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.
- 3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 16 of this policy.
- 3.4 In accordance with section 3(3) of the Act, the rates policy for the municipality is based on the following principles:
  - (a) Equity  
The municipality will treat all ratepayers with similar properties in the area the same.
  - (b) Affordability  
The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions, rebates and cross subsidy from the equitable share allocation.
  - (c) Sustainability  
Rating of property will be implemented in a way that:
    - i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality;
    - ii. Supports local, social and economic development; and
    - iii. Secures the economic sustainability of every category of ratepayer.
  - (d) Cost efficiency  
Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account profits generated on refuse removal; rental of municipal properties and traffic fines and the amounts required to finance exemptions, rebates reductions.

## **4. OBJECTIVES AND SCOPE OF THE POLICY**

### **4.1 OBJECTIVES**

- To ensure certainty and clarity as to amounts payable in respect of property rates;
- To ensure the promotion of efficient, economic and effective use of resources;
- To promote development and endeavour to attract investment for job creation;
- To spread the rates burden impartially, fairly, equitably and without bias;
- To create an opportunity for public participation in policy making;
- To contribute towards the accountability of the municipality;
- To contribute towards the transparency of the municipality;
- To contribute towards the financial sustainability of the municipality;

### **4.2 SCOPE**

- This policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the applications of the various property rates are published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

#### **4.2.1 Determining the rate on property, exemptions, rebates and reductions**

The Council of the municipality has to annually consider:

- The impact of rates on the community;
- The impact of rates on businesses;
- The impact of rates on agriculture;
- The impact of rates on industry;
- The current economic climate;
- The Integrated Development Plan (IDP) of the municipality;
- The Financial Plan of the municipality;

## **5. APPLICATION OF THE POLICY**

- 5.1 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

## **6. PRINCIPLES APPLICABLE TO FINANCING OF SERVICES**

- 6.1 The municipal manager or his/her delegate must, subject to the guidelines provided by the National Treasury and the council of the municipality, make provision for the following classification of services:-
- (a) Economic services
- i. Refuse removal.
- (b) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 6.1 (a).

- i. Air pollution;
- ii. Fire fighting services;
- iii. Local tourism;
- iv. Municipal planning;
- v. Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law;
- vi. Storm water management system
- vii. Trading regulations;
- viii. Fixed billboards and the display of advertisements in public places;
- ix. Cemeteries;
- x. Control of public nuisances;
- xi. Control of undertakings that sell liquor to the public;
- Xii. Township development;
- xiii. Facilities for accommodation, care and burial of animals;
- xiv. Fencing and fences;
- xv. Licensing of dogs;
- xvi. Licensing and control of undertakings that sell food to the public;
- xvii. Local amenities;
- xviii. Local sport facilities;
- xix. Municipal parks and recreation;
- xx. Municipal roads;
- xxi. Noise pollution;
- xxii. Pounds;
- xxiii. Public places;
- xxiv. Street trading/street lighting;
- xxv. Traffic and parking;
- xxvi. Building control;
- xxvii. Licensing of motor vehicles and transport permits;

xxviii. Nature reserves;

xxix. Forestry;

d. Subsidized services

i. Health and ambulance;

ii. Libraries and museums;

iii. Proclaimed roads.

6.2 Trading and economic services as referred to in clause (a) must be ring fenced and financed from service charges while community and subsidised services referred to in clause (b) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

Expenditure will be classified in the following categories:

- a) Employee related costs – wages and salaries;
- b) Remuneration of councilors;
- c) Working capital reserve;
- d) Collection costs;
- e) Depreciation;
- f) Repairs and Maintenance;
- g) Interest expense – external borrowings;
- h) Redemption payments;
- i) Bulk purchases;
- j) Contracted services;
- k) Grants and subsidies given;
- l) General expenses (other)
- m) Deficit on sale of assets.
- n) Internal transfers

6.3 Income will be classified in the following categories:

- a. Property rates;
- b. Penalties imposed;
- c. User charges for services;
- d. Regional service levies; (is it still relevant)*
- e. Rental of services and facilities;
- f. Interest earned;
- g. Dividends received;
- h. Fines;
- i. Licenses and permits;
- j. Capital grants;
- k. Operating grants and subsidies;
- l. Other Income;
- m. Surplus on sale of assets.

6.4 Cost centers will be created to which the costs associated with providing the service can be allocated-

by Directorate;

by Section/service; and

by Division/service.

## 7. CATEGORIES OF PROPERTY

7.1. Categories of properties is determined according to the following:

- a. Use of the property
- b. Permitted use of the property

7.2 Different rates may be levied in respect Use (Sect 7.1 (a) of this policy) of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

7.2.1 Residential properties;

7.2.2 Industrial properties;

7.2.3 Business properties;

7.2.4 Agricultural properties

7.2.5 Government properties

7.2.6 Municipal properties;

7.2.7 Churches

7.2.8 Vacant Sites.

7.2 In determining the category of a property referred to in 7.1 the municipality shall take into consideration the dominant use of the property, regardless the formal zoning of the property.

7.3 Properties used for multiple purposes shall be categorised and rated as provided for in section 9 of the Act and as more fully described in clause 9 of this policy.

## 8. CATEGORIES OF OWNERS

8.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 11, 12 and 13 respectively the following categories of owners of properties are determined:-

- (a) Those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;
- (b) Those owners who do not qualify as indigents in terms of the adopted indigent policy of the municipality but whose total monthly income is less than the amount annually determined by the municipality in its budget;
- (c) Owners of property situated within an area affected by
  - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002);
- (d) Owners of residential properties with a market value below the amount as determined annually by the council;
- (e) owners dependent on pensions or social grants for their livelihood;
- (f) Owners of properties situated in "privately owned towns" as referred to in clause 13.1 (b);
- (g) Owners of agricultural properties as referred to in clause 13.1 (c); and
- (h) Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household.

## 9. PROPERTIES USED FOR MULTIPLE PURPOSES

9.1 Rates on properties used for multiple purposes will be levied as follows:-

- (a) In accordance with the "permitted use of the property".
- (b) In accordance with the "dominant use of the property" if (a) cannot be applied; or

- (c) In accordance with the "different uses" by apportioning the market value of a category of property to the different purposes for which the property is used if both (a) and (b) above cannot be applied.

## **10. DIFFERENTIAL RATING**

- 10.1 Criteria for differential rating on different categories of properties will be according to:-
  - (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
  - (b) The promotion of social and economic development of the municipality.
- 10.2 Differential rating among the various property categories will be done by way of setting different cent amount in the rand for each property category; and
- 10.3 by way of reductions and rebates as provided for in this policy document.

## 11. EXEMPTIONS AND IMPERMISSIBLE RATES

11.1 The following categories of property are exempted from rates:-

(a) Municipal properties

Municipal properties are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, where municipal properties are leased, the lessee will be responsible for the payment of determined assessment rates in accordance with the lease agreement.

(b) Residential properties

All residential properties with a market value of less than the amount as annually determined by the municipality are exempted from paying rates. **For the 2014/2015 financial year the maximum reduction is determined as R20 000.** The impermissible rates of R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the municipality. The remaining R5 000 is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

(c) Public Service Infrastructure

Is exempted from paying rates as allowed for in the Act as they provide essential services to the community.

(d) Right registered against a property

Any right registered against a property as defined in clause 2.15(b) of this policy is exempted from paying rates.

11.2 Exemptions in clause 11.1 will automatically apply and no application is thus required.

11.3 Impermissible Rates: In terms of section 17(1) of the Property Rates Act the municipality may, inter alia, not levy a rate:-

(a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003) or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.

(b) On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.

(c) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.

- (d) On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

11.4 Public Benefit Organisations (PBO's)

Taking into account the effects of rates on PBOs performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No 58 of 1962) for tax reduction because of those activities, Public Benefit Organizations may apply for the exemption of property rates. Public Benefit Organizations may include, *inter alia*:-

- (a) *Welfare and humanitarian*

For example PBOs providing disaster relief.

- (b) *Health Care*

For example PBO's providing counselling and treatment of persons afflicted with HIV and AIDS including the care of their families and dependents in this regard.

- (c) *Education and development*

For example PBO's providing early childhood development services for pre-school children.

- (d) *Sporting bodies*

Property used by an organization for sporting purposes on a non-professional basis:

- (e) *Cultural institutions*

Property used for purposes declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.

- (f) *Museums, libraries, art galleries and botanical gardens*

Property registered in the name of private persons, open to the public and not operated for gain.

- (g) *Animal welfare*

Property owned or used by organizations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

- (h) *Cemeteries and crematoriums*

Property used for cemeteries and crematoriums.

- (i) *Welfare institutions*

Properties used exclusively as an orphanage, non-profit retirement villages, old age homes or benevolent/charitable institutions, including workshops used by the inmates, laundry or cafeteria facilities; provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

- (j) *Charitable institutions*

Property owned or used by institutions or organizations whose aim is to perform charitable work on a not-for-gain basis.

- 11.5 All possible benefiting organisations in clause 11.4 must apply annually for exemptions. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the exemption applied for is granted the exemption will apply for the full financial year.
- 11.6 Public benefit organisations must attach a SARS tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962) to all applications.
- 11.7 The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- 11.8 The extent of the exemptions implemented in terms of clauses 11.1 to 11.4 must annually be determined by the municipality and included in the annual budget.

## 12. REDUCTIONS

- 12.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:-
  - 12.1.1 Partial or total destruction of a property.
  - 12.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 12.2 The following conditions shall be applicable in respect of clause 12.1:-
  - a) all applications must be addressed in writing to the municipality in the prescribed application form;
  - b) The municipal manager or his delegate must approve all applications;
  - c) Applications must reach the municipality before the end of May prior the start of the new municipal financial year for which relief is sought;
  - d) The municipality retains the right to refuse exemptions if the details supplied in the application from where incomplete, incorrect or false.

## 13. REBATES

### 13.1. Categories of property

- (a) Business, commercial and industrial properties
  - i. The municipality may grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction. The following criteria will apply:-
    - a. job creation in the municipal area;
    - b. social upliftment of the local community; and

- c. creation of infrastructure for the benefit of the community.
- ii. A maximum rebate as annually determined by the municipality will be granted on approval, subject to:-
  - a. a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
  - b. a continuation plan issued by the directors and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the company plan to continue to meet the objectives; and
  - c. an assessment by the municipal manager or his delegate indicating that the company qualifies.
- iii. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year.

(b) Privately owned towns serviced by the owner

The municipality grants an additional rebate, to be determined on an annual basis, which applies to privately owned towns serviced by the owner qualifying as defined in clause 2.14 of this policy.

All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2010/2011 financial year the rebate is determined as 20%. In addition to this rebate the Council will also grant a rebate of an additional 10% on vacant stands not yet sold and transferred by the developer. Upon selling of such vacant stands the additional rebate will lapse on the date of transfer of the property into the name of the new owner.

(c) Agricultural property rebate

- i. When considering the criteria to be applied in respect of any exemptions, rebates and reductions on any properties used for agricultural purposes the municipality must take into account:-
  - a. the extent of rates related services rendered by the municipality in respect of such properties.
  - b. the contribution of agriculture to the local economy.
  - c. the extent to which agriculture assists in meeting the service delivery and developmental objectives of the municipality; and
  - d. the contribution of agriculture to the social and economic welfare of farm workers.
- ii. In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by the Council on a category of non residential property may not exceed the ratio to the rate on residential property. In the absence of any such promulgation the municipality will apply the standard ratio for agricultural properties as 1:0.25 (25% rebate on the tariff for residential properties). For the 2010/2011 financial year the minister has promulgated a ratio of 1:0.25.

- iii. An additional rebate (based on the total property value) of maximum 10% will be granted by the municipality in respect of the following:-
  - a. 2,5% for the provision of accommodation in a permanent structure to farm workers and their dependants.
  - b. 2,5% if these residential properties are provided with potable water.
  - c. 2,5% if the farmer for the farm workers electrifies these residential properties.
  - d. 2,5% for the provision of land for burial to own farm workers or for educational or recreational purposes to own farm workers as well as people from surrounding farms.
- iv. The granting of additional rebates is subject to the following:-
  - a. All applications must be addressed in writing to the municipality by **31 August** indicating how service delivery and development obligations of the municipality and contribution to the social and economic welfare of farm workers were met. This application will be required as a once off requirement. Any new applications for the **2014/2015** financial year and onwards must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year and such application again regarded as a once off requirement.
  - b. Council reserves the right to send officials or its agents to premises/households receiving relief on annual basis for the purpose of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original application.
  - c. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.
- v. No other rebates will be granted to properties that qualify for the agricultural rebate. For the avoidance of doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in clause 11.1(b) of this policy.

### 13.2 Categories of owners

Indigent owners and child headed families will receive a 100% rebate from payment of property tax:-

#### (a) Indigent owners

Owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality, regardless of the value of the property, will receive a 100% rebate from payment of property tax. If qualifying in terms of the indigent policy this 100% rebate will automatically apply and no further application is thus required by the owner.

#### (b) Child headed families

- i. Families headed by children will receive a 100% rebate for paying property tax, according to monthly household income. To qualify for this rebate the head of the family must:-

- a. occupy the property as his/her normal residence;
  - b. not be older than 18 years of age;
  - c. still be a scholar or jobless; and
  - d. be in receipt of a total monthly income from all sources not exceeding two social grants combined.
- ii. The family head must apply on a prescribed application form for registration as a child headed household and must be assisted by the municipality with completion of the application form. If qualifying, this rebate will automatically apply and no further application is thus required.

(c) Retired and Disabled Persons Rate Rebate

- i. Retired and Disabled Persons, not registered as indigents, qualify for special rebates according to monthly household income. To qualify for the rebate a property owner must:-
  - a. occupy the property as his/her normal residence;
  - b. be at least 60 years of age by 31 August of the financial year in respect of which the rate is levied or in receipt of a disability pension from the Department of Welfare and Population Development;
  - c. be in receipt of a total monthly income from all sources as annually determined by the municipality (including income of spouses of owner);
  - d. not be the owner of more than one property; and
  - e. provided that where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
- ii. Property owners must apply on a prescribed application form for a rebate as determined by the municipality. Applications must be accompanied by
  - a. a certified copy of the identity document or any other proof of the owners age which is acceptable to the municipality;
  - b. sufficient proof of income of the owner and his/her spouse;
  - c. an affidavit from the owner;
  - d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
  - e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- iii. All applications must be addressed in writing to the municipality by 31 August for the financial year in respect of which the rate is levied. If the rebate applied for is granted the rebate will apply for the full financial year. For the 2011/2012 financial year the total monthly income and corresponding rebate is determined as follows:-
  - a. up to two social grants combined - 100%.
- iv. The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

- 13.3 Properties with a market value below a prescribed valuation level of a value to be determined annually by the Municipality may, (not sure about the term annually) instead of a rate being determined on the market value, be rated a uniform fixed amount per property.
- 13.4 The extent of the rebates granted in terms of clauses 13.1 and 13.2 must annually be determined by the municipality and included in the annual budget.

#### **14. PAYMENT OF RATES**

- 14.1 The rates levied on the properties shall be payable:-
  - (a) on a monthly basis; on or before the 15<sup>th</sup> of every month
  - (b) annually, before 30 September each year.
- 14.2 Rates payable on an annual basis will be subject to a discount of 5% if paid in full on or before 30 September of each year.
- 14.5 Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.
- 14.6 If a property owner who is responsible for the payment of property rates in terms of this policy fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection By-law of the Municipality.
- 14.7 Arrears rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act and the Municipality's credit control and debt collection by-law.
- 14.8 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 14.9 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

## **15. ACCOUNTS TO BE FURNISHED**

- 15.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-
- (i) the amount due for rates payable,
  - (ii) the date on or before which the amount is payable,
  - (iii) how the amount was calculated,
  - (iv) the market value of the property, and
  - (v) rebates, exemptions, reductions or phasing-in, if applicable.
- 15.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.
- 15.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

## **16. PHASING IN OF RATES**

- 16.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.
- 16.2 The phasing-in discount on the properties referred to in section 21 MPRA shall be as follows:-
- First year : 75% of the relevant rate;
  - Second year : 50% of the relevant rate; and
  - Third year : 25% of the relevant rate.
- 16.3 No rates shall be levied on newly rateable properties that are owned and used by organisations conducting activities that are beneficial to the public and that are registered in terms of the Income Tax Act for those activities, during the first year. The phasing-in discount on these properties shall be as indicated below:-
- First year : 100% of the relevant rate;
  - Second year : 75% of the relevant rate;
  - Third year : 50% of the relevant rate; and
  - Fourth year : 25% of the relevant rate.

## **17. SPECIAL RATING AREAS**

17.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.

## **18. FREQUENCY OF VALUATION**

18.1 The municipality shall prepare a new valuation roll at least every 4 (four) years;

18.2 In accordance with the Act the municipality, under exceptional circumstances, may request the MEC for Local Government and Housing in the province to extend the validity of the valuation roll to 5 (five) years.

18.3 Supplementary valuations may be done on a continual basis but at least on an annual basis.

## **19. REGISTER OF PROPERTIES**

19.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.

19.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.

19.3 Part B of the register must specify which properties on the valuation roll or any supplementary valuation rolls are subject to—

- a) an exemption from the rate in terms of section 15 of the Act;
- b) a rebate on or a reduction in the rate in terms of section 15 of the Act;
- c) a phasing-in of the rate in terms of section 21 of the Act; or
- d) an exclusion referred to in section 17(1)(a), (e), (g), (h) and (l) of the Act.

19.4 The register must be open for inspection by the public during office hours. If the municipality has an official website or another website available to it, the register must be displayed on that website.

19.5 A municipality must at regular intervals, but at least annually, update Part B of the register. Part A of the register must be updated in accordance with the provisions of this Act relating to the updating and supplementing of valuation rolls.

## **20 BY-LAWS TO GIVE EFFECT TO THE RATES POLICY**

The municipality will adopt By-laws to give effect to the implementation of the Rates Policy and Such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

## **21. FINAL ADOPTION**

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Council is the formulator of, and decision maker where, policies are concerned. The final approval of this policy rests with the Mnquma Local Council on recommendation of the Executive Mayor.

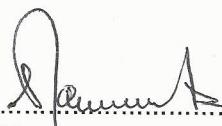
## 22. IMPLEMENTATION AND REVIEW OF THIS POLICY

- a) This policy shall be implemented once approved by Council. All future levying of property rates must be made in accordance with this policy.
- b) In terms of section 17 (1) (e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

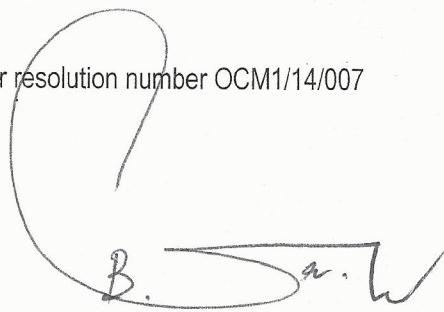
### DATE APPROVED

The policy was adopted by council on the 30 September 2014 as per resolution number OCM1/14/007

### AUTHENTICATION



S. TANTSI  
MUNICIPAL MANAGER



B GANJANA  
EXECUTIVE MAYOR